

CANADIAN CONSTRUCTION InSITES

POST-PANDEMIC RECOVERY

Infrastructure Investment is our Strongest Lever



Walter Pamic
Chair, Merit Canada

Construction contractors are problem solvers, and the economic carnage of the COVID-19 pandemic is Canada's most pressing problem right now. In this inaugural issue of Merit Canada's *Construction InSites* we talk about the role construction can play in helping Canada chart a path to economic renewal and revitalization.

Over one million men and women work in construction in Canada and the federal and provincial governments had already prioritized infrastructure investments well before the pandemic – and rightly so, since they deliver quick and effective economic stimulus and position us for long-term competitiveness. In the wake of the pandemic, infrastructure investment will be all the more important as we look for ways to create jobs and opportunities for all Canadians.

Contractors are also bottom-line focused, and know that every

dollar needs to be stretched far. In this publication we lay out both the case for accelerated infrastructure investment, and the criteria that will ensure it delivers maximum value to the most communities and the greatest number of Canadians.

And on a cautionary note, we flag the threat of building trades union-only procurement, which as history had clearly demonstrated, badly weakens the impact of accelerated infrastructure funding, and freezes out the majority of the men and women in the construction sector.

We are all in the pandemic together, sacrificing so much, so it is important that we all share in the recovery and that no one is left out or left behind. Our past has taught us that the best and most durable solutions take shape when Canadians answer the call to work together and are unified in the face of adversity.

INSIDE:

- Avoid the Risk of Less for More
- Huge Benefits, Huge Needs
- Cross-Country Construction Check-In

Getting Dollars Out the Door, Fast and Effectively

Merit Canada and its members advocate for post-pandemic infrastructure investment that is:

FAST



Funding should roll out now, with expedited planning, inter-governmental collaboration and regulatory approvals

TAILORED



Specific provincial and local needs and priorities should drive investment allocations, rather than one-size-fits-all project preferences

INCLUSIVE



Mega-projects are great, but we also need investments in the \$5-\$50 million range so more communities and contractors benefit

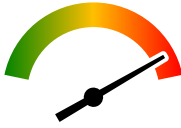
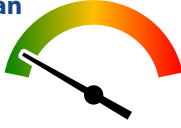



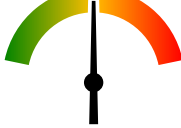
TARGETED



Transportation and trade-supporting infrastructure are among the investments that will deliver the biggest benefits

Building Trades Union-Only Procurement: Less for More

The benefits of public infrastructure investment can be badly diluted by building trades union-only procurement,¹ where all workers on public projects have to join government-approved unions, quit existing jobs and change benefit plans. Already in place for several major projects in BC, and applied municipally in Toronto, the building trades unions are pushing for similar discriminatory and unfair rules federally.

Union-Only Procurement Threat Level	
British Columbia 	Union only-rules apply to the Pattullo Bridge replacement, some highway projects, and Vancouver's Broadway subway. The Independent Contractors and Businesses Association is working hard to kill this costly affront to freedom of association , including a legal challenge which is supported by a coalition of business associations, individuals and progressive unions.
Saskatchewan 	While the Saskatchewan Party government is steadfast in its commitment to open tendering, local-hiring clauses have been written into some recent SaskBuilds tenders. Merit Saskatchewan is working to ensure that even these modest compromises on open-tendering principles don't become the thin edge of a wedge .
Manitoba 	The Progressive Conservative government ended union-only tendering, and has introduced a bill that would enshrine open tendering in law. Unfortunately, the opposition parties have successfully delayed its second reading several times now. Merit Manitoba continues to support the government bill, which is expected back on the order paper this fall.
Ontario 	The Progressive Conservative government paved the way for wider open tendering with last year's Bill 66 . Municipalities can now avoid being designated "construction employers", and therefore bound to collective agreements, and a number have done so. The City of Toronto, however, voted to continue using building trades union-only contracting.
New Brunswick 	New Brunswick open shop contractors currently face no issues with union-only restrictions. Such restrictions have been included in past tenders from the provincial electricity utility, but based on subsequent dialogue Merit New Brunswick believes the utility will likely practice more inclusive tendering in the future.
Nova Scotia 	While there are no formal building trades union-only tendering restrictions, it's widely known that there's a strong informal preference on public projects specifically in Cape Breton. Merit Nova Scotia is closely monitoring a proposed 'Community Benefit Agreement' pilot project on Cape Breton, although it appears to focus primarily on local employment and social goals.

For more insight on the impact of building trades union-only procurement in BC, please see <https://bit.ly/2CpqJDn>

¹Sometimes referred to as "Project Labour Agreements" or "Community Benefit Agreements".

Infrastructure Investment: Huge Potential and Growing Need

Infrastructure investment...

- ... is “direct injection” stimulus, delivering **fast acting** **JOB CREATION**. It will be crucial in stabilizing the economy as government necessarily ramps back pandemic-related income and wage support programs.
- ... creates **widely dispersed** **BENEFITS**, on diverse construction sites across the country, and with a high “multiplier effect” that translates into multi-sector stimulus and significant tax revenues.
- ... improves **quality-of-life** for everyone from commuters to health-care consumers, while fostering the **IMPROVED PRODUCTIVITY** that is so crucial to Canada’s global competitiveness.



The Benefits

One dollar of infrastructure investment creates **\$1.60** in immediate/year-one economic growth, and

20-50¢ in long-term economic productivity improvement.

585,000 jobs were created by

“production of infrastructure assets” in Canada in 2018 (54% direct / 46% indirect)

Sources: “Unleashing Productivity Through Infrastructure”, Federal Advisory Council on Economic Growth, 2016; and Statistics Canada.

The Need

Canadian governments have re-prioritized infrastructure investment in recent years, but we have decades of neglect to make up for. Post-pandemic recovery is an opportunity to close the gap.

Optimal Average Canadian infrastructure investment: **5.4%** of GDP (\$80B)

Recent Investment Commitment (provincial + federal): **4.0%** of GDP (<\$60B)

Estimates of Canada’s current “**infrastructure deficit**” range from **\$500 Billion to \$1 Trillion**

Source: “Moving Canada’s Economic Infrastructure Forward”, Lawrence National Centre for Policy and Management, 2019.

Cross-County Construction Check-In

A round-up of recent activities and developments in the Merit Canada member associations.

British Columbia



Construction in BC and most provinces was deemed essential during the pandemic, and ICBA members adapted worksite practices effectively, with only one COVID-related recognized Workers Comp claim in construction so far. ICBA shifted its extensive training program online – with benefits in terms of cost, frequency and accessibility.

Saskatchewan



Merit Saskatchewan's pandemic-related actions included securing clarity and flexibility on issues such as layoff notices, data-gathering to inform advocacy, and a social media campaign focusing on new safety measures.² The campaign educated workers, reassured their loved ones, and helped ensure uninterrupted industry operation.

Manitoba



Merit Manitoba was part of a broader push that secured a significant infrastructure investment as part of Manitoba's Restart Plan, and improved access to the Investing in Canada Plan. Like most of its sister associations, Merit Manitoba is launching its own member benefits program to replace and improve upon ones previously offered through a third party.

Ontario



Merit Ontario is focused on ending card-based union certification, particularly in light of union activity during the pandemic. It hopes to build on the momentum of its win with Bill 66, and wins in training-related advocacy, which resulted in the loosening of restrictive apprentice-journeyperson ratios and in elimination of the Ontario College of Trades.

New Brunswick



Recently expanded safety training is part of the compelling value proposition that has driven a doubling of the association's membership. Merit New/Nouveau Brunswick has also expanded its activities into Prince Edward Island, as a precursor to creation of a stand-alone merit construction association there.

Nova Scotia



Merit Nova Scotia took part in cross-sectoral efforts to ensure safe construction operations continued during the pandemic, and to secure needed regulatory allowances. With increased union certification activity across the province, Merit Nova Scotia is the only voice standing up for open shop values, equity and fairness in the Nova Scotia construction industry.

²Merit Saskatchewan partnered closely with the Saskatchewan Construction Association on the campaign and other aspects of the COVID response.



Construction InSites covers issues and current developments relating to the construction sector federally and within the provinces represented by Merit Canada. It is produced regularly for member contractors, policy makers and commentators, and for all Canadians with an interest in workplace democracy, accountability and transparency within one of the nation's most important industries.

Member Associations



New • Nouveau Brunswick



Contact:

c/o 2110 Matheson Blvd. East, Suite 102
Mississauga, ON L4W 5E1
306-764-4380
karen@meritsask.com
www.merit-canada.ca